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# LANDLORDS LANULUKUJ LANULUKUJ LANULUKUJ



We'll give you up to

**\$2,500**

per unit for  
rehabilitation  
of your rental property



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

Honourable Paul Cosgrove  
Minister

# Why Improve Your Residential Rental Property?

Up to \$2,500 per unit forgiveable loan

Grant for insulation

Lower maintenance costs

Lower heating bills

Possible tax benefit

Higher property values

Free technical advice

**DO IT NOW!**

## How Do You Finance Your Costs?

CMHC will provide the forgiveable loan for 50 per cent of the cost of eligible repairs to a maximum of \$2,500 per dwelling unit (up to \$2,000 per bed unit for hostel or dormitory accommodation).

There are several alternative ways to obtain the funds needed to cover the balance:

- NHA first mortgage loan for acquisition and rehabilitation
- Conventional Mortgage Loan
- Home Improvement Loan
- Personal Loan
- Owner's Equity

CMHC staff are available to discuss the financing options with you.



## **\$2,500 Per Unit Free?**

If you qualify, you may get a forgiveable loan of up to \$2,500 per unit for rehabilitation of your rental property. The loan can cover up to 50 per cent of the cost of eligible repairs.

This forgiveable loan, provided by Canada Mortgage and Housing Corporation, is written off over a maximum of 10 years in return for adherence to a rental agreement. Under this agreement, rent levels are reviewed annually and raised upon evidence of increased operating costs.

Rent levels must, of course, meet the requirements of provincial rent control boards.

## **Substantial Interest Rate Reduction**

The forgiveable portion of the loan has the effect of reducing the interest rate of any borrowed funds. For example, if the cost of repairs is \$8,000 per unit and the terms obtained are 14 per cent repaid over 20 years, the \$2,500 forgiveable portion per unit reduces the required borrowing to \$5,500 at 14 per cent. Therefore the effective interest rate on \$8,000 becomes approximately 8 per cent — an interest reduction of about 6 per cent.

## How Do You Qualify?

- You own residential property in a selected area. (Check with your municipality or CMHC).
- Your property needs basic improvements to at least one of the following:
  - structure
  - electrical
  - plumbing
  - heating
  - fire safety

Priority is given to repairs in these five basic areas. However, a variety of other improvements are permissible including installation of insulation and related measures to improve thermal efficiency.

Inspectors from your municipality or CMHC will help you identify work to be done and the best way of doing it.

The assistance is provided on behalf of the Government of Canada under the Residential Rehabilitation Assistance Program (RRAP).

## **Lower Operating Costs**

Rehabilitating your property should result in lower operating and maintenance costs and therefore increase your net revenue. In addition, you will be protecting your investment by extending the useful life of your property.

## **Tax Benefit**

The rehabilitation of your property may have the added benefit of reducing your income tax. The nature of the benefit will depend on whether the rehabilitation costs are treated as maintenance or capital expenditures. Why not check it out now with your accountant?

## **Insulation Grant**

In addition to RRAP assistance, owners of buildings of three storeys or less may be eligible for a grant from the Canadian Home Insulation Program (CHIP) to help offset the cost of insulation and related work. Full details are available through the regional CHIP office or your local CMHC office.

## **How to Apply**

For additional information and application assistance, please contact your municipality or nearest CMHC office.

**Version française disponible sur demande**